

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 AGR-05 CIAE-00

COME-00 EB-07 INR-07 LAB-04 NSAE-00 STR-04 TRSE-00

CIEP-01 FRB-03 OMB-01 AID-05 /073 W

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R 310437Z DEC 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6184

C O N F I D E N T I A L BANGKOK 27005

E.O. 11652: GDS

TAGS: ECON PINT PFOR PGOV TH

SUBJ: GOVERNMENT POSTPONES RICE PRICE INCREASES

REF: BANGKOK 26894

1. FACED WITH LABOR UNIONS AND POLITICAL OPPOSITION, THE KHUKRIT GOVERNMENT HAS POSTPONED THE RETAIL PRICE INCREASES FOR RICE FROM JANUARY 1 TO JANUARY 15. SOME UNION LEADERS HAVE SAID THAT THEY WILL GO AHEAD WITH THEIR PLANNED STRIKE ON JANUARY 2 ANYWAY.

2. THE GOVERNMENT PROPOSED TO USE THE 2-WEEK POSTPONEMENT FOR A PUBLIC RELATIONS CAMPAIGN TO EXPLAIN THE NEED FOR PRICE INCREASES AS WELL AS DEVELOP PROGRAMS TO EASE THE BURDEN ON THE INCREASED PRICES ON THE POOR. ACCORDING TO A SOURCE AT THE BOARD OF TRADE, THE GOVERNMENT WILL ESTABLISH A FOOD STAMP PROGRAM TO SUBSIDIZE RICE PURCHASES BY HOUSEHOLDS EARNING LESS THAN 2000 BAHT (100 DOLLARS) A MONTH. PREVIOUS ELIGIBILITY FOR PURCHASING RICE AT SUBSIDIZED PRICE WAS LIMITED TO THOSE EARNING LESS THAN 1000 BAHT MONTHLY.

3. COMMENT: THE GOVERNMENT MISHANDLED THE SITUATION ORIGINALLY BY GIVING TOO MUCH ADVANCE NOTICE OF THE INCREASES. POSTPONING THE ACTION FOR YET ANOTHER 15 DAYS WILL BE
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INTERPRETED AS A SIGN OF WEAKNESS BY THOSE WHO QUESTION

THE GOVERNMENT'S LEADERSHIP AND ABILITY TO ENFORCE ITS OWN
DECISIONS. THE GOVERNMENT IS HOEPFUL OF DIFFUSING THE
ISSUE THROUGH SOME PLAN FOR FOOD STAMPS COMBINED WITH
CONSULTATIONS WITH LABOR UNIONS AND A GENERAL CAMPAIGN
TO EXPLAIN THE CONNECTION BETWEEN INCREASE RETURN TO
FARMERS AND THE NEED TO RASIE PRICES AT THE RETAIL LEVEL.
THE GOVERNMENT'S BACKDOWN ON RICE INDICATE THAT
IT WILL ALSO RENEGE ON PLANS TO ALLOW PETROLEUM PRODUCT
PRICES TO GO UP IN JANUARY.
MASTERS

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